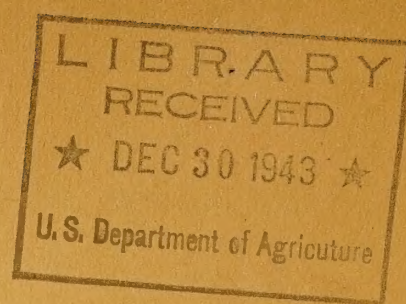


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United States Department of Agriculture
Rural Electrification Administration
St. Louis, Mo. (2)



FUNCTIONS OF RATE SECTION
in the
COOPERATIVES' OPERATIONS DIVISION

It is the function of the Rate Section of the Cooperatives' Operations Division to assist REA Cooperatives in all matters pertaining to their wholesale and retail rates.

1. Wholesale Rates for the Purchase of Energy by Cooperatives

Cooperatives will be given every possible assistance in the selection of the best source of power and the negotiation of an advantageous wholesale rate and contract. If the Cooperative prefers, the Cooperatives' Operations Division will carry on negotiations directly with the utility company or other power source, but in most cases the Cooperative is in a better position to initiate negotiations. We can assist the Cooperative by furnishing rate material such as examples of low wholesale rates which have been obtained by other Cooperatives. No wholesale power contract should be executed until after it has been reviewed by the Rate Section.

2. Retail Rates for Service to Members of Cooperatives

Rate schedules are designed to bring in an amount of revenue equal to estimated expenses. The schedules contain the necessary terms and conditions of service for the proper application of the rates to all classes of consumers. From time to time the need will arise of modifying rate schedules or adopting additional schedules for special classes of consumers. If so, we should be consulted. The standard form of by-laws of Cooperatives contains a provision that 90 days notice must be given to REA before making any change in the rates charged for service to members.

For all prospective consumers classed as large power consumers, we make recommendations on the appropriate schedule, minimum bill and term of contract. Standard forms of contract for large power consumers are available for distribution and special contracts will be prepared when required.

3. General

The Rate Section of the Cooperatives' Operations Division should be consulted with reference to any question arising on rates. Its service is always available to assist Cooperatives in connection with proposed modifications of wholesale power contracts, changes in retail rates and proper application of rates to all types of consumers.

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